



**DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
CASH MANAGEMENT FUND**

Financial Statements, Management's
Discussion and Analysis and Supplemental Schedule

June 30, 2004 and 2003

(With Independent Auditors' Report Thereon)

**DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
CASH MANAGEMENT FUND**

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**DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
CASH MANAGEMENT FUND**

Management's Discussion and Analysis

June 30, 2004 and 2003

Introduction

This section of the financial statements of The State of New Jersey Cash Management Fund (the Fund) presents our discussion and analysis of the Fund's financial performance during the fiscal years ended June 30, 2004 and 2003. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the Fund's basic financial statements, which follow this section.

Financial Statements

The Fund's basic financial statements include statements of net assets and statements of changes in net assets, which have been presented in accordance with accounting principles generally accepted in the United States of America as applicable to governmental entities.

The statements of net assets provide information on the financial position of the Fund at year-end. The statements of changes in net assets present the results of the investing activities during the year. The notes to the financial statements offer additional discussion that is essential to the full understanding of the data presented in the financial statements. The notes give more detail about accounting policies, significant account balances and activities, material risks, obligations, contingencies and subsequent events, if any. The financial statements and related notes are prepared in accordance with Governmental Accounting Standards Board principles.

Statements of Net Assets

The statements of net assets present the assets, liabilities and net assets (assets minus liabilities) of the Fund as of the end of the fiscal year and are point in time financial statements.

The statements of net assets are comprised of the following major components:

	June 30	
	2004	2003
	(Millions)	
Assets:		
Investments, at fair value	\$ 13,529	16,153
Interest receivable	14	13
Total assets	13,543	16,166
Liabilities:		
Accrued expenses	—	1
Investments purchased	205	—
Net assets	\$ 13,338	16,165

Accrued expenses represent amounts owed for administrative expenses, reserve fund fees (see note 7 to the financial statements) and undistributed net income.

**DIVISION OF INVESTMENT
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Management's Discussion and Analysis

June 30, 2004 and 2003

Statements of Changes in Net Assets

Changes in net assets from year to year are presented in the statement of changes in net assets. The purpose of this statement is to present the net investment income earned by the Fund as well as the contributions of and distributions to participants. A summary follows:

	Year ended June 30	
	2004	2003
	(Millions)	
Net investment income	\$ 145	224
Administrative expenses and reserve fund fees	(6)	(7)
Net earnings distributed to participants	(151)	(235)
(Decrease) increase in net assets from unit transactions	(2,815)	5,078
(Decrease) increase in net assets	(2,827)	5,060
Net assets, beginning of year	16,165	11,105
Net assets, end of year	\$ 13,338	16,165

During 2004, net assets decreased by \$2.8 billion, or 17.5%, primarily due to participant withdrawals. Net investment income of \$145 million was comprised of \$86.5 million of interest income and an increase in the market value of the underlying portfolio (net appreciation in fair value of investments) of \$58.4 million. The average daily rate of return of 1.11% for State participants and 1.01% for Other-than-State participants during the year was negatively impacted by lower short-term rates available in the marketplace.

During 2003, net assets increased by \$5.06 billion, or 45%, primarily due to participant contributions. Net investment income of \$224 million was comprised of \$147.6 million of interest income and an increase in the market value of the underlying portfolio (net appreciation in fair value of investments) of \$76.4 million. The average daily rate of return of 1.82% for State participants and 1.70% for Other-than-State participants during the year was negatively impacted by lower short-term rates available in the marketplace.



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Independent Auditors' Report

The Members
State Investment Council,
Division of Investment,
Department of the Treasury,
State of New Jersey:

We have audited the accompanying statements of net assets of the State of New Jersey Cash Management Fund (the Fund) of the Division of Investment, Department of the Treasury, State of New Jersey, as of June 30, 2004 and 2003, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2004 and 2003, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of New Jersey Cash Management Fund of the Division of Investment, Department of the Treasury, State of New Jersey, as of June 30, 2004 and 2003, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 1 and 2 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedule of portfolio of investments is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2004 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2004 basic financial statements taken as a whole.

KPMG LLP

August 20, 2004

**DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
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Statements of Net Assets

June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets:		
Cash	\$ 305	941
Interest receivable	14,677,846	12,814,631
Investments, at fair value (note 3)	<u>13,528,690,123</u>	<u>16,153,005,188</u>
Total assets	<u>13,543,368,274</u>	<u>16,165,820,760</u>
Liabilities:		
Accrued expenses (note 4)	365,250	586,879
Investments purchased	<u>204,817,347</u>	<u>—</u>
Total liabilities	<u>205,182,597</u>	<u>586,879</u>
Net assets (notes 5 and 6)	<u><u>\$ 13,338,185,677</u></u>	<u><u>16,165,233,881</u></u>

See accompanying notes to financial statements.

**DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
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CASH MANAGEMENT FUND**

Statements of Changes in Net Assets

Years ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Additions:		
Net investment income:		
Interest	\$ 86,499,637	147,555,694
Net appreciation in fair value of investments	58,361,323	76,405,280
Net investment income	<u>144,860,960</u>	<u>223,960,974</u>
Deductions:		
Administrative expenses and reserve fund fees	6,029,737	6,947,013
Net earnings distributed to participants	150,883,747	235,687,922
Total deductions	<u>156,913,484</u>	<u>242,634,935</u>
Unit transactions:		
State participants:		
Deposits	32,958,350,814	35,901,394,375
Reinvestment of distributions	96,665,788	136,573,269
Cost of units redeemed	(32,932,226,529)	(33,787,954,780)
	<u>122,790,073</u>	<u>2,250,012,864</u>
Other-than-State participants:		
Deposits	11,862,302,939	17,629,687,889
Reinvestment of distributions	60,469,326	105,936,040
Cost of units redeemed	(14,860,558,018)	(14,907,160,391)
	<u>(2,937,785,753)</u>	<u>2,828,463,538</u>
(Decrease) increase in net assets resulting from unit transactions	<u>(2,814,995,680)</u>	<u>5,078,476,402</u>
(Decrease) increase in net assets	(2,827,048,204)	5,059,802,441
Net assets as of beginning of year	<u>16,165,233,881</u>	<u>11,105,431,440</u>
Net assets as of end of year	<u>\$ 13,338,185,677</u>	<u>16,165,233,881</u>

See accompanying notes to financial statements.

**DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
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Notes to Financial Statements

June 30, 2004 and 2003

(1) Organization

The Division of Investment, Department of the Treasury, State of New Jersey (the Division) manages and invests certain assets of various divisions, agencies and employees of the State of New Jersey in various groups of funds, such as the Cash Management Fund, the Pension Fund and the Deferred Compensation Fund. The accompanying financial statements represent the State of New Jersey Cash Management Fund (the Fund) which is available on a voluntary basis for investment by State and "Other-than-State" participants. "Other-than-State" participants include counties, municipalities and school districts, and the agencies or authorities created by any of these entities. The Fund is considered to be an investment trust fund as defined in Governmental Accounting Standards Board (GASB) Statement No. 34. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of investing in approved securities for the Fund.

The Fund is not a legally separate entity within the State of New Jersey; however, the assets managed by the Division are included in the financial statements of the State.

The accompanying financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2004 and 2003, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues (additions) are recorded when earned and expenses (deductions) are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Valuation of Investments

Investments are reported at fair value as follows:

- Money Market Instruments (including short-term U.S. Government and Agency obligations) – amortized cost which approximates fair value.
- Other U.S. Government and Agency and Corporate obligations – prices quoted by a major dealer in such securities.

Investment Transactions

Investment transactions are accounted for on a trade date basis. Gains and losses from investment transactions are determined by the first in, first out method. Interest income is recorded on the accrual basis.

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Notes to Financial Statements

June 30, 2004 and 2003

Administrative Expenses

Expenses of the Fund are paid by the Department of the Treasury of the State of New Jersey and are partially offset by the administrative expense fees collected from the "Other-than-State" participants (see note 7). No operating expenses are allocated to the Fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

(3) Summary of Custodial Risk

GASB Statement No. 3 requires disclosure of the level of custodial risk assumed by the Fund as of June 30, 2004 and 2003. Such disclosures categorize the investments based upon who holds them and how they are held. Category 1 includes investments that are insured or registered or for which securities are held by the Fund's agent in the Fund's name.

The Fund's investments, which are all Category 1 as of June 30, 2004 and 2003, are as follows:

	2004	2003
U.S. Government and Agency obligations	\$ 6,143,022,388	10,233,163,806
Commercial paper	2,949,629,403	2,762,283,082
Finance company senior debt	102,812,000	100,670,500
Certificates of deposit	4,004,421,892	2,682,300,000
Industrial bonds	328,804,440	324,257,800
Repurchase agreements	—	50,330,000
	<u>\$ 13,528,690,123</u>	<u>16,153,005,188</u>

The bank balances of the certificates of deposit are equal to the carrying value of such investments as of June 30, 2004 and 2003. The insured amount of the certificates of deposit as of June 30, 2004 and 2003 are approximately \$1,500,000 and \$1,300,000, respectively.

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Notes to Financial Statements

June 30, 2004 and 2003

(4) Accrued Expenses

Accrued expenses as of June 30, 2004 and 2003 are comprised of the following:

	<u>2004</u>	<u>2003</u>
Administrative expenses	\$ 239,443	279,640
Reserve fund fee	125,785	307,216
Undistributed net income	22	23
	<u><u>\$ 365,250</u></u>	<u><u>586,879</u></u>

(5) Units Outstanding

In accordance with State Investment Council Regulations, units of ownership in the Fund may be purchased or redeemed on any business day at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.

The Fund values participants' shares on an amortized cost basis. Specifically, the Fund distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated on an amortized cost basis (and added to the Reserve Fund in the case of "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

As of June 30, 2004 and 2003, there were 13,340,265,422 and 16,155,261,102 units outstanding at \$.9998441 and \$1.0006173083763 fair value per unit, respectively.

(6) Net Assets

Net assets as of June 30, 2004 and 2003 consist of the following:

	<u>2004</u>	<u>2003</u>
State participants	\$ 8,538,440,925	8,415,650,853
"Other-than-State" participants	4,801,824,497	7,739,610,250
Undistributed and net unrealized (loss) gain	(2,079,745)	9,972,778
	<u><u>\$ 13,338,185,677</u></u>	<u><u>16,165,233,881</u></u>

**DIVISION OF INVESTMENT
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Notes to Financial Statements

June 30, 2004 and 2003

(7) Reserve for Investment Losses and Administrative Expenses

“Other-than-State” participants contribute one twentieth of one percent (0.05%) per year of the value of the aggregate units owned by them for the Administrative Expense Fund. This fund is used to reimburse the State of New Jersey for administrative and custodial fees of the Fund.

In addition, “Other-than-State” participants contribute one twentieth of one percent (0.05%) per year of the value of the aggregate units owned by them to a Reserve Fund. These contributions are supplemented by the proportionate share of “Other-than-State” participants in any gain on investment transactions realized in the Fund. State Investment Council Regulations provide that the Reserve Fund will be charged, to the extent that funds are available, with the proportionate share of the “Other-than-State” participants in (a) any loss occasioned by the bankruptcy of an issuer of an investment held by the Fund and (b) any loss realized upon the sale of an investment by the Fund. These amounts are reinvested and participate in the Fund.

During fiscal 2002, the Reserve Fund was restructured pursuant to the State of New Jersey Appropriations Act for fiscal year 2001-2002. Pursuant to the restructuring plan, cash in the amount of \$72 million was released to the General Fund of the State of New Jersey and a surety bond in an equal amount was credited to the Reserve Fund.

As of June 30, 2004, the cost basis of the amounts held as reserves for investment losses and administrative expenses, included in the accompanying financial statements, were \$25,137,428 and \$2,794,383, respectively.

As of June 30, 2003, the cost basis of the amounts held as reserves for investment losses and administrative expenses, included in the accompanying financial statements, were \$21,662,020 and \$2,976,078, respectively.

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Portfolio of Investments

June 30, 2004

Description	Principal Amount	Fair Value
UNITED STATES GOVERNMENT OBLIGATIONS:		
U.S. Treasury Bills:		
.940%, due July 22, 2004	\$ 97,612,000	\$ 97,612,000
.930%, due July 1, 2004	100,474,000	100,474,000
.930%, due July 1, 2004	250,000,000	250,000,000
1.080%, due July 15, 2004	100,000,000	99,951,000
1.040%, due July 15, 2004	200,000,000	199,902,000
1.146%, due July 29, 2004	205,000,000	204,809,350
.935%, due August 5, 2004	125,000,000	124,852,500
.960%, due August 5, 2004	87,000,000	86,897,340
.965%, due August 5, 2004	110,000,000	109,870,200
1.025%, due August 19, 2004	42,500,000	42,430,300
1.020%, due August 19, 2004	200,000,000	199,672,000
1.010%, due August 19, 2004	200,000,000	199,672,000
1.025%, due August 19, 2004	120,000,000	119,803,200
.978%, due August 26, 2004	50,000,000	49,904,000
1.055%, due August 26, 2004	50,000,000	49,904,000
1.043%, due September 9, 2004	200,000,000	199,514,000
1.310%, due September 9, 2004	125,000,000	124,696,250
1.025%, due September 16, 2004	50,000,000	49,864,500
1.325%, due September 16, 2004	150,000,000	149,593,500
1.265%, due September 16, 2004	139,250,000	138,872,633
.980%, due September 23, 2004	110,500,000	110,162,975
1.330%, due September 23, 2004	200,000,000	199,390,000
1.255%, due September 23, 2004	150,000,000	149,542,500
1.085%, due October 7, 2004	200,000,000	199,252,000
1.081%, due October 7, 2004	135,000,000	134,495,100
1.080%, due October 7, 2004	60,000,000	59,775,600
1.135%, due October 7, 2004	100,000,000	99,626,000
	3,557,336,000	3,550,538,948
COMMERCIAL PAPER INTEREST:		
American Express Credit Corporation:		
1.100% due July 8, 2004	100,000,000	100,000,000
1.100% due July 8, 2004	10,000,000	10,000,000
1.100% due July 8, 2004	10,609,000	10,609,000
1.120% due July 9, 2004	50,000,000	50,000,000
Chevron Texaco:		
1.180% due July 26, 2004	90,000,000	90,000,000
1.180% due July 26, 2004	10,000,000	10,000,000
Citicorp:		
1.050%, due July 1, 2004	150,000,000	150,000,000
1.280% due July 28, 2004	25,000,000	25,000,000
Exxon Project Management:		
1.160% due July 26, 2004	20,000,000	20,000,000
General Electric Capital Services:		
1.130% due July 15, 2004	15,000,000	15,000,000
1.130% due July 15, 2004	14,800,000	14,800,000

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Portfolio of Investments

June 30, 2004

Description	Principal Amount	Fair Value
COMMERCIAL PAPER INTEREST, CONTINUED:		
1.230% due July 28, 2004	\$ 71,400,000	\$ 71,400,000
1.050% due July 1, 2004	205,000,000	205,000,000
Mortgage Interest Network:		
1.220% due July 28, 2003	29,000,000	29,000,000
National Australia Fund:		
1.030% due July 1, 2004	150,000,000	150,000,000
New Center Asset:		
1.200% due July 26, 2004	130,000,000	130,000,000
1.250% due July 28, 2004	5,000,000	5,000,000
	<u>1,085,809,000</u>	<u>1,085,809,000</u>
COMMERCIAL PAPER DISCOUNT:		
Alpine Securitization:		
1.24% due July 26, 2004	60,000,000	59,948,333
1.25% due July 26, 2004	40,000,000	39,965,556
Alcoa, Inc.:		
1.15% due July 12, 2004	25,000,000	24,991,215
Citigroup Global:		
1.28% due July 26, 2004	75,000,000	74,928,000
CS First Boston:		
1.23% due July 26, 2004	45,000,000	44,961,562
1.25% due July 26, 2004	55,000,000	54,953,021
ING America:		
1.24% due July 28, 2004	26,100,000	26,075,727
1.32% due July 29, 2004	10,000,000	9,989,733
1.32% due July 30, 2004	80,000,000	79,914,934
JP Morgan Chase:		
1.05% due July 1, 2004	135,000,000	135,000,000
1.18% due July 16, 2004	30,000,000	29,985,250
Manhattan Asset:		
1.15% due July 8, 2004	30,600,000	30,593,158
1.17% due July 9, 2004	67,066,000	67,048,563
1.22% due July 14, 2004	42,078,000	42,059,462
1.20% due July 15, 2004	30,600,000	30,585,720
1.20% due July 15, 2004	41,000,000	40,980,867
Morgan Stanley:		
1.22% due July 26, 2004	18,178,000	18,162,599
1.25% due July 27, 2004	65,000,000	64,941,319
1.25% due July 27, 2004	20,000,000	19,981,944
1.25% due July 27, 2004	71,800,000	71,735,180
Receivables Capital Corporation:		
1.20% due July 14, 2004	30,800,000	30,786,653
1.20% due July 15, 2004	110,700,000	110,648,340
1.20% due July 19, 2004	87,600,000	87,547,440
1.20% due July 19, 2004	75,000,000	74,955,000
1.25% due July 20, 2004	20,900,000	20,886,212
San Paolo Imi US:		
1.18% due July 26, 2004	55,000,000	54,954,931

**DIVISION OF INVESTMENT
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Portfolio of Investments

June 30, 2004

Description	Principal Amount	Fair Value
COMMERCIAL PAPER DISCOUNT, CONTINUED:		
UBS Finance:		
1.27% due July 1, 2004	\$ 50,000,000	\$ 50,000,000
1.27% due July 1, 2004	35,000,000	35,000,000
1.27% due July 1, 2004	7,470,000	7,470,000
1.42% due July 1, 2004	75,000,000	75,000,000
Victory Receivables Corp:		
1.20% due July 6, 2004	14,183,000	14,180,636
1.09% due July 7, 2004	25,000,000	24,995,458
1.15% due July 13, 2004	8,100,000	8,096,895
1.15% due July 14, 2004	50,000,000	49,979,236
1.21% due July 16, 2004	30,000,000	29,984,875
1.25% due July 27, 2004	22,700,000	22,679,507
Yorktown Capital Corp:		
1.09% due July 9, 2004	49,756,000	49,743,948
1.21% due July 19, 2004	150,200,000	150,109,129
	<u>1,864,831,000</u>	<u>1,863,820,403</u>
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS:		
Federal Home Loan Mortgage Corp:		
1.085% due August 3, 2004	100,000,000	99,880,000
1.085% due August 3, 2004	50,000,000	49,940,000
1.120% due August 10, 2004	55,000,000	55,000,000
1.120% due August 10, 2004	20,000,000	20,000,000
1.045% due August 16, 2004	200,000,000	199,680,000
1.060% due August 16, 2004	107,000,000	106,828,800
1.140% due August 17, 2004	89,000,000	88,848,700
1.135% due August 17, 2004	100,000,000	99,830,000
1.250% due August 23, 2004	50,000,000	49,905,000
1.250% due August 23, 2004	50,000,000	49,905,000
1.175% due August 24, 2004	100,000,000	99,836,890
1.070% due July 20, 2004	75,000,000	74,947,500
	<u>996,000,000</u>	<u>994,601,890</u>
Federal National Mortgage Association:		
1.060% due August 4, 2004	118,000,000	117,858,400
1.120% due August 11, 2004	110,000,000	109,835,000
1.155% due August 18, 2004	60,000,000	59,898,000
1.155% due August 18, 2004	35,000,000	34,940,500
1.155% due August 18, 2004	40,000,000	39,932,000
1.155% due August 18, 2004	170,000,000	169,711,000
1.410% due September 8, 2004	65,000,000	64,831,000
1.500% due September 29, 2004	96,500,000	96,171,900
1.190% due October 20, 2004	75,000,000	74,655,000
1.030% due July 7, 2004	300,000,000	299,940,000
1.040% due July 14, 2004	165,500,000	165,417,250
1.040% due July 14, 2004	50,000,000	49,975,000
1.055% due July 28, 2004	225,000,000	224,797,500
1.050% due July 28, 2004	90,000,000	89,919,000
	<u>1,600,000,000</u>	<u>1,597,881,550</u>

**DIVISION OF INVESTMENT
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Portfolio of Investments

June 30, 2004

Description	Principal Amount	Fair Value
INDUSTRIAL BONDS:		
Abbott Laboratories:		
5.125%, due July 1, 2004	\$ 50,000,000	\$ 50,000,000
5.125%, due July 1, 2004	85,000,000	85,000,000
E.I. Dupont De Nemeours:		
6.750%, due October 15, 2004	57,000,000	57,780,330
FPL Group Inc:		
1.875% due March 5, 2005	43,000,000	42,935,500
Gillette Co:		
4.000% due June 30, 2005	50,000,000	50,665,500
Hershey Food Corp:		
6.700% due October 1, 2005	20,000,000	20,971,400
Proctor & Gamble:		
6.600% due December 15, 2004	21,000,000	21,451,710
	<u>326,000,000</u>	<u>328,804,440</u>
FINANCE COMPANY SENIOR DEBT:		
Chase Manhattan:		
7.50% due January 14, 2005	100,000,000	102,812,000
	<u>100,000,000</u>	<u>102,812,000</u>
CERTIFICATES OF DEPOSIT:		
Abbey National:		
1.100% due July 15, 2004	40,000,000	40,000,000
1.100% due July 20, 2004	135,000,000	135,000,000
BNP Paribas:		
1.280% due August 16, 2004	50,000,000	50,000,000
1.090% due August 2, 2004	215,000,000	215,000,000
1.055% due August 9, 2004	40,000,000	40,000,000
1.080% due August 23, 2004	20,000,000	20,000,000
Bank of Montreal:		
1.180% due July 6, 2004	120,000,000	120,000,000
1.130% due July 27, 2004	47,500,000	47,500,000
1.130% due July 27, 2004	60,000,000	60,000,000
1.120% due July 26, 2004	63,800,000	63,800,000
1.120% due July 26, 2004	30,000,000	30,000,000
1.180% due July 12, 2004	37,500,000	37,500,000
Bank of Nova Scotia:		
1.180% due July 14, 2004	44,200,000	44,200,000
1.190% due July 19, 2004	230,800,000	230,800,000
Barclays Bank:		
1.100% due July 21, 2004	140,000,000	140,000,000
1.100% due July 22, 2004	60,000,000	60,000,000
Branch Banking & Trust:		
1.075% due July 13, 2004	100,000,000	100,000,000
1.185% due July 14, 2004	75,000,000	75,000,000
Calyon Yankee:		
1.310% due August 16, 2004	35,200,000	35,200,000

**DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
CASH MANAGEMENT FUND**

Portfolio of Investments

June 30, 2004

Description	Principal Amount	Fair Value
CERTIFICATES OF DEPOSIT, CONTINUED:		
Canadian Imperial Bank:		
1.280% due August 16, 2004	\$ 100,700,000	\$ 100,700,000
1.240% due July 28, 2004	40,000,000	40,000,000
1.240% due July 28, 2004	12,174,000	12,174,000
Deutsche Bank:		
1.150% due August 30, 2004	125,000,000	125,000,000
1.060% due July 1, 2004	50,000,000	50,000,000
1.070% due August 16, 2004	124,420,000	124,420,000
1.100% due August 3, 2004	75,000,000	75,000,000
1.080% due July 15, 2004	75,599,000	75,599,000
Rabobank Nederland:		
1.080% due July 13, 2004	43,000,000	43,000,000
1.110% due July 12, 2004	60,200,000	60,200,000
1.110% due July 12, 2004	3,462,000	3,462,000
1.150% due July 12, 2004	41,596,000	41,596,000
1.400% due August 30, 2004	140,100,000	140,100,000
Royal Bank of Scotland:		
1.06% due July 15, 2004	143,200,000	143,200,000
1.09% due August 12, 2004	106,800,000	106,800,000
Societe Generale:		
1.080% due August 19, 2004	25,200,000	25,200,000
1.040% due July 6, 2004	50,000,000	50,000,000
1.090% due August 10, 2004	134,800,000	134,800,000
1.080% due July 19, 2004	15,000,000	15,000,000
1.190% due August 24, 2004	50,000,000	50,000,000
1.190% due August 24, 2004	25,000,000	25,000,000
1.190% due August 24, 2004	25,000,000	25,000,000
UBS AG:		
1.415% due August 30, 2004	38,800,000	38,800,000
1.075% due July 19, 2004	243,700,000	243,700,000
Wells Fargo Bank:		
1.250% due July 28, 2004	75,000,000	75,000,000
1.270% due July 30, 2004	110,000,000	110,000,000
1.090% due July 7, 2004	25,000,000	25,000,000
Westdeutsche Land:		
1.080% due August 13, 2004	170,100,000	170,100,000
1.100% due August 3, 2004	10,000,000	10,000,000
1.200% due August 19, 2004	24,000,000	24,000,000
1.170% due August 2, 2004	16,903,000	16,903,000
1.330% due August 23, 2004	96,000,000	96,000,000
1.180% due July 14, 2004	33,300,000	33,300,000
1.180% due July 14, 2004	33,226,000	33,226,000
1.190% due July 15, 2004	18,398,000	18,398,000
	3,904,678,000	3,904,678,000

DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
CASH MANAGEMENT FUND

Portfolio of Investments

June 30, 2004

Description	Principal Amount	Fair Value	
CERTIFICATE OF DEPOSIT - DISCOUNT:			
Calyon Yankee:			
1.130% due September 30, 2004	\$ 99,800,000	\$ 99,743,892	
	<u>99,800,000</u>	<u>99,743,892</u>	
Total		\$ <u>13,528,690,123</u>	
Total fair value of investments			\$ 13,528,690,123
Total cost of investments			<u>13,529,285,593</u>
Net unrealized loss			\$ <u>(595,470)</u>